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**1996/03/16**

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LOCATOR= TEXT ON-LINE

ERRORS= n/a

CONCEPTS= n/a

TAGS= PREL. MOPS. PHUM. CH. TW. IN. IT. JA. RS

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PTQ7291

DEPARTMENT OF STATE  
 RELEASE  DECLASSIFY IM/IPS/CR/TR Date: 10 July 97  
 EXCISE  DECLASSIFY EO Citations  
 DENY  IN PART

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FM AMEMBASSY BEIJING  
TO SECSTATE WASHDC IMMEDIATE 1056

INFO AMEMBASSY ROME

AMCONSUL GUANGZHOU

AMCONSUL SHENYANG

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E.O. 1295B: DECL: (1.6X6)

TAGS: PREL, MOPS, PHUM, CH, TW, IN, IT, JA, RS

SUBJECT: DIPLOMATS FORESEE CONTINUING PRC MILITARY  
PRESSURE ON TAIWAN; NEW EXERCISES ANNOUNCED,  
BUT BEIJING ALSO SENDS POSITIVE SIGNALS

REFS: A) (95) BEIJING 49354; B) BEIJING 08152

1. CONFIDENTIAL - ENTIRE TEXT. CLASSIFIED BY SCOTT S.  
HALLFORD, DCM. REASON: 1.5 (B) AND (D).

2. SUMMARY AND COMMENT: DIPLOMATS FROM JAPAN, RUSSIA,  
ITALY, INDIA, AND NEW ZEALAND REASON THAT PRC LEADERS, IN  
DANGER OF LOSING FACE BECAUSE OF THE APPARENT FAILURE OF  
THEIR MILITARY EXERCISES TO INFLUENCE THE MARCH 23 TAIWAN  
ELECTION, MAY BE LEFT WITH NO CHOICE BUT TO MAINTAIN  
MILITARY PRESSURE ON TAIWAN. ONLY THE INDIAN, HOWEVER,  
CITED ALLEGEDLY "RELIABLE" EVIDENCE THAT CHINA WOULD  
UNDERTAKE NEW MILITARY EXERCISES NEAR TAIWAN SHORTLY  
AFTER THE TAIWAN ELECTIONS. THESE PREDICTIONS APPEAR TO  
HAVE ALREADY BEEN BORNE OUT IN PART BY THE MARCH 15  
ANNOUNCEMENT THAT A NEW SERIES OF COMBINED GROUND, AIR,  
AND NAVAL EXERCISES WILL BE HELD IN THE TAIWAN STRAIT  
MARCH 18 TO MARCH 25.

3. THESE NEWLY ANNOUNCED EXERCISES, WHICH WILL EXTEND  
BEYOND THE TAIWAN ELECTION, ARE THEREBY A MEANS OF  
DOWNPLAYING THE SIGNIFICANCE OF THAT ELECTION.  
NONETHELESS, THEY ALSO SERVE AS A FURTHER EFFORT TO  
AFFECT THE ELECTION ATMOSPHERE. IF BEIJING WERE ENTIRELY  
SATISFIED WITH THE EFFECTS OF ITS MILITARY EXERCISE THUS  
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FAR, THE NEWLY ANNOUNCED EXERCISES MIGHT HAVE BEEN  
CANCELLED. WE DO NOT, HOWEVER, KNOW WHETHER THE MARCH

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18-25 EXERCISES WERE PART OF BEIJING'S ORIGINAL PLAN. BEIJING COULD OF COURSE ALSO HAVE HAVE FURTHER TRICKS UP ITS SLEEVE AFTER THE TAIWAN ELECTION. WHETHER IT USES THEM OR NOT WILL DEPEND LARGELY ON BEIJING'S PERCEPTION OF LEE TENG-HUI'S POST-ELECTION BEHAVIOR.

4. MEANWHILE, HOWEVER, BEIJING IS ALSO SENDING A NUMBER OF POSITIVE SIGNALS. ON MARCH 13, DEFENSE MINISTER CHI HAOTIAN, PLA GENERAL STAFF CHIEF FU QUANYOU, AND CENTRAL MILITARY COMMISSION VICE CHAIRMAN LIU HUAQING ALL MADE STATEMENTS CLEARLY DESIGNED TO REASSURE TAIWAN AND OTHERS ABOUT CHINESE MILITARY INTENTIONS, STRESSING CHINA'S CONTINUING FOCUS ON BUILDING ITS ECONOMY AND ITS NEED FOR A "PEACEFUL INTERNATIONAL ENVIRONMENT." POSITIVE SIGNALS TO THE UNITED STATES HAVE BEEN EVEN MORE EXPLICIT, WITH THE CHINESE AGREEING IN RECENT DAYS TO SEVERAL HIGH-LEVEL VISITS, CONTACTS, AND MEETINGS WHILE CONTINUING TO PUSH THE APRIL VISIT OF CHI HAOTIAN TO THE UNITED STATES. THESE SIGNALS INDICATE THAT BEIJING DOES NOT WANT ITS MILITARY EXERCISES TO DERAIL ITS EFFORTS TO IMPROVE BILATERAL RELATIONS WITH THE UNITED STATES, AND IS LOOKING BEYOND THE CURRENT PERIOD OF TENSION IN THE TAIWAN STRAIT. END SUMMARY AND COMMENT.

THE JAPANESE -- FACE PLAYS A CENTRAL ROLE

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5. AT A MARCH 14 LUNCH [ ] QUESTIONED WHETHER THE CHINESE, FACED  
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WITH THE APPARENT FAILURE OF THEIR MILITARY PRESSURE TO  
INFLUENCE TAIWAN VOTERS, MIGHT EXTEND THE PRESSURE BEYOND  
THE ELECTION. [ ] STATED THAT HE THOUGHT THE QUESTION  
OF FACE PLAYED A CENTRAL ROLE. THE CHINESE LEADERSHIP,  
HE SAID, WOULD LOOK FOOLISH IF ALL THE MILITARY PRESSURE  
PRODUCED A STRONGER LEE TENG-HUI. [ ] REASONED THAT,  
AS A RESULT, THE CHINESE LEADERSHIP APPEARED TO BE  
CHANGING ITS TUNE, FROM SEEKING TO INFLUENCE THE ELECTION  
TO DISSUADING LEE TENG-HUI FROM SEEKING INDEPENDENCE.  
COMMENTING THAT THE PRESENT CROSS-STRAIT SITUATION WAS A  
VOLATILE MIX OF "A WEAK CHINESE LEADERSHIP AND A MILITARY  
EELING ITS OATS," [ ] SAID THAT MAINTAINING MILITARY

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PRESSURE TO KEEP PRESIDENT LEE IN LINE HAS AN OPEN-ENDED CHINESE STRATEGY WITHOUT TIME LIMITS. (NOTE: THE BEIJING LEADERS MAY BE POSITIONING THEMSELVES FOR A SIGNIFICANT LEE VICTORY BY ISSUING PRESS REPORTS POINTING TO CORRUPTION AND "GANGSTERISM" IN THE TAIWAN ELECTION PROCESS. END NOTE.)

THE RUSSIANS - CHINA LIKELY TO STEP UP PRESSURE

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(PROTECT) IN A MEETING WITH

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FM AMEMBASSY BEIJING  
TO SECSTATE WASHDC IMMEDIATE 1057  
INFO AMEMBASSY ROME

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ECONOFF ON MARCH 13 AGREED THAT CHINA HAS LIKELY TO STEP UP THE INTENSITY OF MILITARY MANEUVERS AGAINST TAIWAN. HE NOTED THAT TAIWAN FINANCIAL MARKETS WERE STABILIZING AND LEE TENG-HUI'S POPULARITY HAS RISING THEREFORE, "BY CHINA'S LOGIC," THE MILITARY EXERCISES WERE NOT ACHIEVING THEIR GOAL. IN ADDITION, CHINESE MANEUVERS HAD MANAGED TO DRAW IN THE U.S. NAVY. THE RUSSIAN STATED THAT BECAUSE THE CHINESE LEADERS APPEAR TO BE LOSING FACE, THEY WILL BE COMPELLED TO ACT MORE FORCEFULLY.

COMMENT:       

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THE ITALIANS -- NO WAY OUT FOR THE CHINESE

7. IN A MARCH 14 MEETING WITH [REDACTED]

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PROTECT) SAID THAT "DEBATE HAS RAGING" WITHIN HIS EMBASSY AND THE ITALIAN FOREIGN MINISTRY ON WHETHER THE UNITED STATES HAD "GONE TOO FAR" BY SENDING AIRCRAFT CARRIERS TO THE VICINITY OF TAIWAN. HE SAID THAT GROWING SUPPORT IN TAIWAN FOR INDEPENDENCE, A RECALCITRANT LEE TENG-HUI, AND THE U.S. SHOW OF FORCE, HAD BACKED THE CHINESE LEADERS INTO A CORNER.

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8. NOTING THAT IT WAS OFTEN DIFFICULT TO DISCERN TO WHOM CHINESE LEADERS WERE ANSWERABLE, THE ITALIAN SAID HIS CHINESE CONTACTS HAD INDICATED THAT THE "WEAK CHINESE CIVILIAN LEADERSHIP" NOW FELT PRESSURE TO TAKE EVEN STRONGER MILITARY MEASURES. HE DECLINED TO SPECULATE ON WHAT "STRONGER" MEASURES MIGHT BE ADOPTED, BUT WAS FIRM IN HIS CONVICTION THAT FOLLOWING THE TAIWAN ELECTION BEIJING WOULD TAKE NEW MILITARY MEASURES DESIGNED TO PRESSURE TAIWAN. ONLY IF LEE TENG-HUI LOST OR WON BY A VERY SMALL MARGIN, HE SAID, WOULD THE CHINESE LEADERS BE ABLE TO DECLARE THEIR TACTICS A SUCCESS, THUS ELIMINATING THE NEED TO EMBRACE NEW MILITARY MANEUVERS.

9. THE ITALIAN EMBOFF ADDED THAT HE DID NOT EXPECT THE EU OR THE ITALIAN GOVERNMENT TO TAKE ANY FURTHER ACTION VIS-A-VIS CHINESE MILITARY EXERCISES. NOTING THAT FRANCE, BRITAIN, AND NORWAY HAD ISSUED INDEPENDENT STATEMENTS CRITICIZING THE CHINESE MILITARY MANEUVERS, HE OPINED THAT IT WAS "HIGHLY UNLIKELY" THAT ANY OTHER EU COUNTRY WOULD MAKE STATEMENTS. HE ALSO OBSERVED THAT SEVERAL EU COUNTRIES, WHICH HAD BEEN LEANING TOWARDS NOT ENDORSING THE UNHRC RESOLUTION ON CHINA, WERE NOW FIRMLY COMMITTED TO SUPPORTING THE RESOLUTION IN THE WAKE OF CHINA'S MILITARY EXERCISES. HE SAID THAT HE THOUGHT THE CHINESE HAD "MISCALCULATED EUROPEAN REACTION" BY ASSUMING THAT THERE WOULD BE NO CONNECTION BETWEEN THE TWO EVENTS.

THE INDIANS -- NO DOUBTS PRC WILL BEGIN NEW EXERCISES

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10. [REDACTED] (STRICTLY PROTECT) TOLD  
POLOFF ON MARCH 13 THAT CHINA WOULD COMMENCE NEW MILITARY  
EXERCISES NEAR TAIWAN, ON THE SAME SCALE AS THOSE  
CURRENTLY BEING CONDUCTED. ON MARCH 24 OR 25. ALTHOUGH  
HE ACKNOWLEDGED THAT THERE HAD NOT EVEN BEEN A HINT OF  
THIS IN PUBLIC, HE SAID THAT HIS EMBASSY HAD "RELIABLE"  
CHINESE CONTACTS. HE STATED THAT THE CHINESE LEADERS  
WERE REACTING TO THE KNOWLEDGE THAT LEE TENG-HUI WOULD  
WIN, AS WELL AS THE PRESSURE OF U.S. AIRCRAFT CARRIERS.  
THE INDIAN EMBOFF WAS TOTALLY CONVINCED OF THE ACCURACY  
OF THE REPORTS OF NEW CHINESE MILITARY EXERCISES, STATING  
THAT THE CHINESE HAD TO PROVE - TO THEMSELVES AND THE  
REST OF THE WORLD - THAT THEY WOULD NOT BE "INFLUENCED BY  
THE UNITED STATES." HE SAID THAT THE QUESTION IN HI

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EMBASSY WAS NOT WHAT THE CHINESE WOULD DO AFTER THE  
ELECTION, BUT HOW THE UNITED STATES WOULD REACT.

11. OUR INDIAN CONTACT ALSO STATED THAT A DEBATE HAD  
TAKEN PLACE WITHIN HIS MINISTRY OF FOREIGN AFFAIRS AMONG  
"SENIOR OFFICIALS," AS TO WHETHER THE GOI SHOULD ISSUE A  
STATEMENT CONDEMNING THE U.S. DEPLOYMENT OF AIRCRAFT  
CARRIERS NEAR TAIWAN. HE ADDED THAT INDIAN LEADERS

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THOUGHT THE U.S. POLICY OF "STRATEGIC AMBIGUITY" MIGHT IN  
FACT BE "STRATEGIC CONFUSION." C

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NEW ZEALAND -- HARD-LINERS TO CONTINUE MILITARY PRESSURE

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12. A NEW ZEALAND EMBOFF OPINED THAT A SERIES OF EVENTS,  
BEGINNING WITH THE U.S. DECISION TO ISSUE LEE TENG-HUI A  
VISA, HAD LED TO CHINA'S CURRENT TAIWAN POLICY. HE SAID  
THAT FOLLOWING THE VISA ISSUANCE, PLA "HARD-LINERS" HAD  
BEEN PERMITTED TO GAIN THE UPPER HAND ON TAIWAN POLICY.  
SECONDLY, WHAT THE NEW ZEALAND EMBOFF CHARACTERIZED AS A  
"MISINTERPRETATION" BY THE PLA OF THE EFFECT OF MILITARY  
EXERCISES ON THE DECEMBER TAIWAN LEGISLATIVE YUAN  
ELECTIONS (REP A), HAD EMBOLDENED THE PLA LEADERS. SINCE  
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THIS HARD-LINE GROUP COULD NOT BACK DOWN WITHOUT LOSING  
FACE, HE REASONED, THEY WOULD BE COMPELLED TO CONTINUE  
MILITARY PRESSURE OF AN UNDETERMINED NATURE AFTER LEE'S  
EXPECTED COMFORTABLE VICTORY. SASSER

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